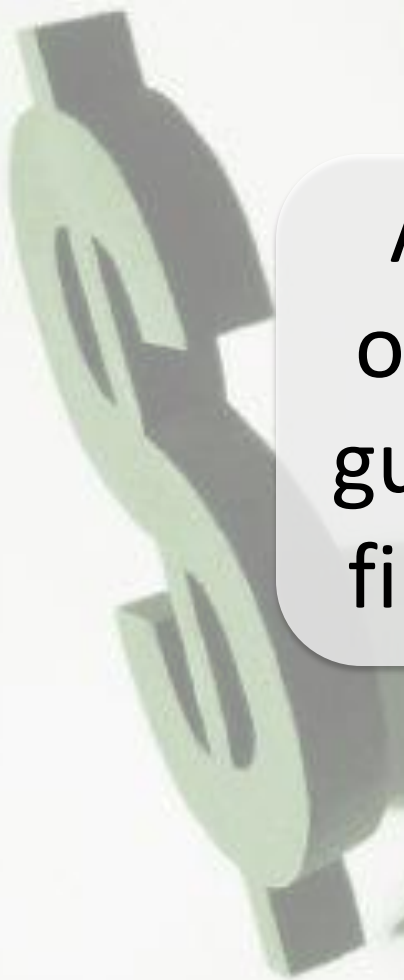


# **Business Services Summit**

## **May 9, 2013**



# **FSA is an Agency of the U.S. Department of Agriculture (USDA)**



As part of our mission we offer a variety of direct and guaranteed loan products to finance farming operations.

# Agricultural related employment

According the University of Georgia Corporative Extension Service, one in seven Georgians works in agriculture, forestry, or related fields.



CULTIVATING



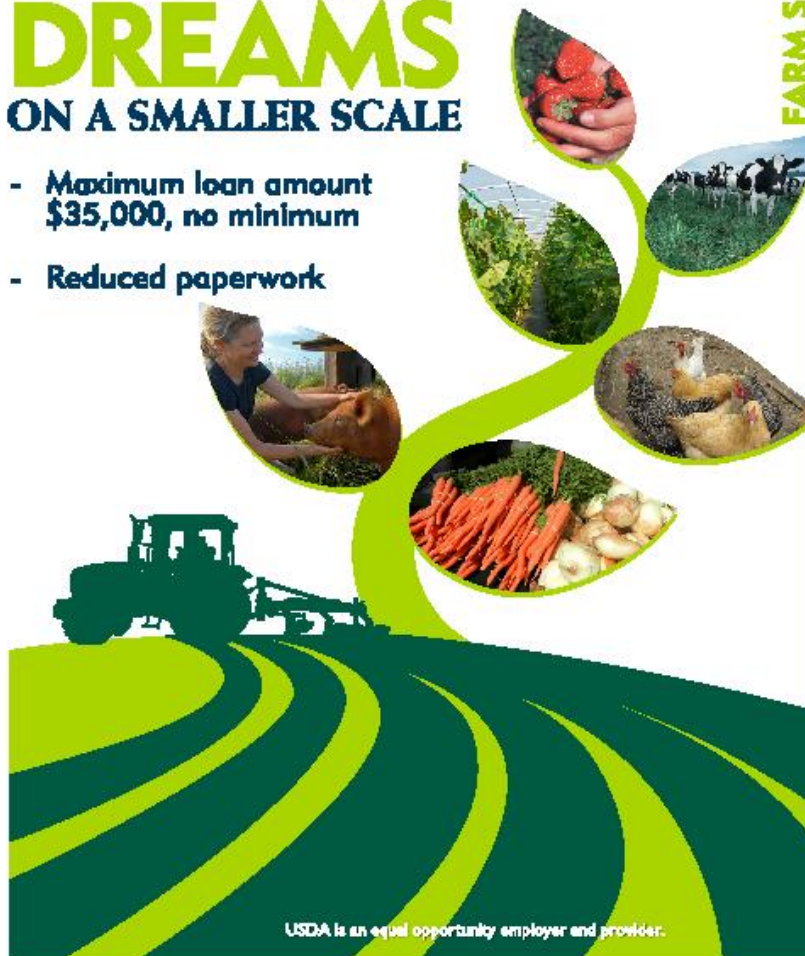
# BIG DREAMS

ON A SMALLER SCALE

- Maximum loan amount \$35,000, no minimum
- Reduced paperwork

FARM SERVICE AGENCY

# MICROLOANS



USDA is an equal opportunity employer and provider.

# Microloan

New loan program developed to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations.

# Microloan

An entry way for operators who perceive that FSA loan are only for larger, established farms or may be intimidated by the paperwork; assist the agricultural community by creating opportunity to start new businesses.



# Use of Microloans

- Purpose –
  - Initial start-up expenses
  - Annual expenses such as seed , fertilizer, utilities, land rents
  - Marketing and distribution expenses
  - Family living expense
  - Purchase of livestock , equipment, and other materials essential to farm operations

# Use of Microloans (continued)

- Purpose
  - Minor farm improvements such as wells and coolers
  - Hoop houses to extend the growing season
  - Essential tools
  - Irrigation
  - Delivery vehicles



# Simplified Application Process

- Application process made simpler
- Requires less paperwork to fill out
- Requirements for managerial experience has been modified
- Loan Security requirements have also been modified to accommodate smaller farming operations.

# Microloan Rates and Terms

- \$35,000 loan limit
- Interest rates are based on the regular OL rates that are in effect at the time of the microloan approval or microloan closing. Whichever is less. Current interest rate is 1.375%
- The repayment term may vary and will not exceed seven years.
- Annual operating loans are to be repaid within 12 months or when the agricultural commodities produced are sold.

# Eligibility Requirements

- Has not been convicted under Federal or State laws of a controlled substances violation.
- Must have the legal capacity to incur the obligation of the loan.
- Have an acceptable credit history.
- Be unable to get credit elsewhere.
- Must not be delinquent on a federal debt other than a federal tax debt.



# Eligibility Requirements (continued)

- Must not be ineligible due to disqualification as the result of a Federal Crop Insurance violation.
- Have the necessary managerial ability.
- Applicant must agree to meet the training requirements as a condition of loan approval as determined by the loan approval official.
- The applicant must be the operator of a family farm after the loan is closed.

# Managerial Ability

- Under other FSA direct loans, applicants must be able to meet the managerial ability eligibility requirement either through education, on-the-job training or experience.
- This requirement was an impediment for a lot of people trying to get into farming that didn't live on a farm or had no recent farming experience.

# Managerial Ability (continued)

- Under the new Microloan program managerial ability is easier to demonstrate.
  - Applicants can certify as to past participation with an agriculture-related organization such as 4-H Club, FFA, Beginning Farmers and Rancher Development Programs, or Community Based Organizations, that demonstrates experience in a related enterprise.



# Managerial Ability (continued)

- A self-directed apprenticeship combined with prior sufficient experience working on a farm or significant small business management experience is also acceptable. The applicant must seek, receive, and apply guidance from a qualified person during the first cycle of production and marketing typical for the applicant's operation.

# Security Requirements

- For annual operating purposes loans must be serviced by a first lien on farm property or products having a security value of at least 100 percent of the loan amount and up to 150 percent when available.
  - A lien is not required on crops or livestock financed with annual operating ML's. However, the loan must be secured at least 100 percent.



# Security Requirements (continued)

- For loan made for purposes other than annual operating loans must be secured by a first lien on farm property or produced purchased with loan funds and having a security value of at least 100 percent of the loan amount.
- A lien on real estate is not required unless the value of the farm products, farm property, and other assets available to secure the loan is not at least equal to 100 percent of the loan amount.



# StrikeForce for Rural Growth and Opportunity

- USDA initiative started in 2010 with its primary goal being to increase partnership with rural communities and leverage community resources in targeted, persistent poverty areas.
- USDA will do more to partner with local and state governments and community organizations on projects that promote economic development and job creation.

# StrikeForce for Rural Growth and Opportunity

- Initiative in sixteen states including:
  - Alabama
  - Georgia
  - North Carolina
  - Mississippi
  - South Carolina
- [www.usda.gov/strikeforce](http://www.usda.gov/strikeforce)

<http://www.fsa.usda.gov/FSA>





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Farm Loan Programs



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## Farm Loan Programs

**Serving Family Farmers, Cultivating Opportunities.**

FSA's [farm loan programs](#) are a valuable resource to establish, improve, expand, transition, and strengthen your farm or ranch. For more information about FSA's farm loan programs, please click on the applicable selections below:

**Your Guide to Farm Loan Programs****FLP Connects**

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